

AMENDED IN ASSEMBLY APRIL 24, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 737

Introduced by Assembly Member Keene

February 22, 2007

~~An act to amend Sections 116.221 and 116.231 of the Code of Civil Procedure,~~ *An act relating to small claims court.*

LEGISLATIVE COUNSEL'S DIGEST

AB 737, as amended, Keene. Small claims court jurisdiction.

~~(1) Existing~~

Existing law specifies that the jurisdiction of the small claims court includes various actions in which the demand does not exceed \$5,000, with specified exceptions. The jurisdiction also includes actions brought by a natural person, if the amount does not exceed \$7,500, except as specified.

~~This bill would extend the jurisdiction of the small claims court under the latter provision to include actions brought by a person, defined to include a corporation as well as a natural person, if the amount does not exceed \$7,500, except as specified.~~

~~(2) Existing~~

Existing law restricts a person from filing more than 2 small claims actions in which the amount demanded exceeds \$2,500, anywhere in the state in any calendar year.

~~This bill would increase that amount to \$5,000, delete an obsolete provision, and make other conforming changes.~~

This bill would require the Judicial Council to study the effect of the existing small claims jurisdictional limits on litigants and would-be litigants in California and to report all of its findings to the Legislature

on or before July 1, 2009. The bill would require the study to include specified considerations, including considerations relating to equal access to justice, claims brought by, and jurisdictional limits applicable to, entities other than natural persons, and the dollar limit restricting the filing of more than 2 small claims actions in a year. The bill would permit the Judicial Council to enter into a contract with a university, research organization, or other appropriate organization to conduct the study.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. (a) The Judicial Council shall study the effect of
2 the existing small claims jurisdictional limits on litigants and
3 would-be litigants in California and shall report all of its findings
4 to the Legislature on or before July 1, 2009. The study shall
5 include, but need not be limited to, consideration of all of the
6 following:
- 7 (1) Whether equal access to justice is provided to all potential
8 small claims litigants. Equal access considerations to be studied
9 shall include, but need not be limited to, all of the following:
- 10 (A) Whether in-person advice from advisors who are legal
11 professionals is available in all small claims courts.
- 12 (B) Whether staffing levels are adequate to meet the demand
13 and to permit the small claims court advisory service to provide
14 services to both parties in a small claims court case without a
15 conflict of interest.
- 16 (C) Whether professional, well-trained, compensated
17 decisionmakers who meet standards established by the Judicial
18 Council are available to hear all small claims cases in California.
- 19 (D) Whether qualified interpreters for all necessary languages
20 are available in all small claims courts in California.
- 21 (E) The extent to which legal defenses and counterclaims are
22 raised in small claims actions.
- 23 (F) The percentage of small claims cases decided by default,
24 and of those cases, the percentage that may have had legitimate
25 legal defenses or counterclaims.

1 (G) *The percentage of small claims cases appealed, and of those*
2 *cases, the percentage with different outcomes on appeal and the*
3 *reasons for those different outcomes.*

4 (2) *Whether claims that are brought by entities other than*
5 *natural persons and that exceed the jurisdictional limits by up to*
6 *two thousand five hundred dollars (\$2,500) are being filed as*
7 *limited civil matters or as reduced claims in small claims court,*
8 *or not being filed in court at all.*

9 (3) *What the impact would be on the access to justice, including*
10 *on the items specified in paragraph (1), if either of the following*
11 *changes occurred:*

12 (A) *The small claims jurisdictional limit for entities other than*
13 *natural persons increased from five thousand dollars (\$5,000) to*
14 *seven thousand five hundred dollars (\$7,500).*

15 (B) *The dollar limit restricting the filing of more than two small*
16 *claims actions in a year increased from twenty-five hundred dollars*
17 *(\$2,500) to five thousand dollars (\$5,000).*

18 (4) *What the impact would be on the number of small claims*
19 *cases and limited civil actions filed if either of the changes*
20 *specified in paragraph (3) occurred.*

21 (b) *The Judicial Council may enter into a contract with a*
22 *university, research organization, or other appropriate*
23 *organization to conduct the study required by this act.*

24 ~~SECTION 1. Section 116.221 of the Code of Civil Procedure,~~
25 ~~as added by Section 2 of Chapter 600 of the Statutes of 2005, is~~
26 ~~amended to read:~~

27 ~~116.221. In addition to the jurisdiction conferred by Section~~
28 ~~116.220, the small claims court has jurisdiction in an action brought~~
29 ~~by a person, if the amount of the demand does not exceed seven~~
30 ~~thousand five hundred dollars (\$7,500), except for actions~~
31 ~~otherwise prohibited by subdivision (c) of Section 116.220 or~~
32 ~~subdivision (a) of Section 116.231.~~

33 ~~SEC. 2. Section 116.221 of the Code of Civil Procedure, as~~
34 ~~added by Section 2 of Chapter 618 of the Statutes of 2005, is~~
35 ~~amended to read:~~

36 ~~116.221. In addition to the jurisdiction conferred by Section~~
37 ~~116.220, the small claims court has jurisdiction in an action brought~~
38 ~~by a person, if the amount of the demand does not exceed seven~~
39 ~~thousand five hundred dollars (\$7,500), except for actions~~

1 otherwise prohibited by subdivision (c) of Section 116.220 or
2 subdivision (a) of Section 116.231.

3 SEC. 3. Section 116.231 of the Code of Civil Procedure is
4 amended to read:

5 116.231. (a) Except as provided in subdivision (c), a person
6 shall not file more than two small claims actions in which the
7 amount demanded exceeds five thousand dollars (\$5,000);
8 anywhere in the state in any calendar year.

9 (b) Except as provided in subdivision (d), if the amount
10 demanded in any small claims action exceeds five thousand dollars
11 (\$5,000), the party making the demand shall file a declaration
12 under penalty of perjury attesting to the fact that not more than
13 two small claims actions in which the amount of the demand
14 exceeded five thousand dollars (\$5,000) have been filed by that
15 party in this state within the calendar year.

16 (c)–

17 If any small claims action is filed by a city, county, city and
18 county, school district, county office of education, community
19 college district, local district, or any other local public entity
20 pursuant to this section, and the defendant informs the court either
21 in advance of the hearing by written notice or at the time of the
22 hearing, that he or she is represented in the action by legal counsel,
23 the action shall be transferred out of the small claims division. A
24 city, county, city and county, school district, county office of
25 education, community college district, local district, or any other
26 local public entity may not file a claim within the small claims
27 division if the amount of the demand exceeds five thousand dollars
28 (\$5,000).